

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

In re:)
)
Eastern Livestock Co., LLC,) Case No. 10-93904 BHL 11
)
Debtor)

**LIMITED OBJECTION TO THE THIRD INTERIM APPLICATION OF JAMES A.
KNAUER FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES AS
CHAPTER 11 TRUSTEE**

Nancy J. Gargula, United States Trustee, by Charles R. Wharton, Trial Attorney, files this limited objection to the Third Interim Application of James A. Knauer for Compensation and Reimbursement of Expenses as Chapter 11 Trustee the “Application” filed on November 21, 2012 and states:

1. The above Application seeks compensation from the bankruptcy estate and is subject to this Court’s order entered August 31, 2012, (the “August 31 Order”) which denied various motions to remove James A. Knauer (“Knauer”) as Chapter 11 trustee.
2. The August 31 Order indicated that bankruptcy estate should not bear the burden of Knauer’s deliberations and litigation over the disclosure requirements discussed in the orders and the Court specifically required Knauer to “...(i) seek no compensation for such matters, and (ii) ... [to] deduct the amount equal to the compensation the Court has already approved for such matters from the fees he would otherwise be eligible to receive.”
3. A review of the Application reveals that Knauer has reduced the requested fees per the August 31 Order. However, Knauer is seeking compensation for time expended for defending appeals of the August 31, 2012 Order.

4. A number of entries appear to be the result of work attributable to defending the appeals from the August 31, 2012 Order.
5. The cost of defending the appeal does constitute a burden to the estate regarding the disputes addressed in the August 31 Order. However, the August 31, 2012 Order is unclear as to whether future costs incurred litigating the disclosure issues discussed in the order were also to be non-compensable to Knauer. If the Court's August 31 Order was intended to make non-compensable those costs incurred by Knauer after the date of the order, then Knauer's fees as requested in the Application should be reduced by the amounts indicated in paragraph 4 above.

WHEREFORE, the United States Trustee objects to the Application to the limited extent that it includes fees and expenses attributable to defending appeals based upon the disclosure issues discussed by the Court in its August 31 Order and requests that the Court disallow those appeal related fees and expenses and grant such other relief as is just and proper.

Respectfully Submitted,

Nancy J. Gargula
UNITED STATES TRUSTEE

By: /s/ Charles R. Wharton

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CERTIFICATE OF SERVICE

I hereby certify that on December 12, 2012, a copy of the foregoing was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

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I further certify that on December 12, 2012, a copy of the foregoing was mailed by first-class U.S. Mail, postage prepaid, and properly addressed to the following:

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